

TRANSITION PLAN DECISION NUMBER FOUR: RURAL RESERVE

To assure that each state has some discretion in its allocation to eligible recipients, Perkins III **allows the state to reserve up to ten percent of the basic grant distributed to local level.**¹

The grants awarded under the reserve are to comply with allowable uses of funds for basic grant.² Each state choosing to award a grant(s) under this subsection shall use the grant to serve at least two of the categories described in (A) through (D).

- A. *Rural areas.*
- B. *Areas with high percentages of vocational and technical education students.*
- C. *Areas with high numbers of vocational and technical students.*
- D. *Communities negatively impacted by changes resulting from the amendments in Perkins III to the in-state allocation to secondary programs.*

Background

Secondary

There is no change in the in-state distribution formula to secondary caused by Perkins III in FY 99, but grants could be used to meet categories (A) through (C). There is a required change in the secondary in-state distribution formula caused by Perkins III in FY00, whether or not it causes a negative impact is under review by OSPI. If a negative impact does exist at the secondary level because of the change in the in-state distribution formula, it may be moderated by the increase of funds distributed to the local level under Perkins III. Perkins II required that 75 percent of the basic grant be distributed to the local level; Perkins III requires 85 percent, unless the state chooses to with hold the ten percent reserve. If an impact exists reserve funds could be used for categories (A) through (D), if no negative impact exists reserve funds could be used for categories (A) through (C).

Postsecondary

There is no change required by Perkins III in the in-state distribution formula for postsecondary for either year. Funds could be used for categories (A) through (C).

Question and Answer information from the Office of Vocational and Adult Education, U.S. Department of Education provides the following clarifications.

1. A state may satisfy the requirements of Perkins III, section 112 within the state allocation by awarding one grant to an eligible recipient to serve a single area that meets two of the categories; or a state may satisfy the requirements by awarding two grants to two eligible recipients (A through D) to serve different areas, each of which meets one of the categories.
2. A state agency may also give priority to applications that emphasize specific activities that will contribute to the state's attainment of the state-adjusted levels of performance.

¹ Perkins III, Section 112 Within State Allocation.

² Described in Perkins III, Section 135.

DECISION

Should the state withhold the 10 percent reserve during the transition year?

OPTIONS

1. Reserve up to 10 percent (distribution to be based on needs assessments done by OSPI and SBCTC).

Pros: Allows time to assess needs.
Provides reserve to be used as needs emerge.
Maintains distribution flexibility.
Cons: May not be needed.

2. Delegate authority to with hold up to 10 percent of each portion of basic grant distributed to OSPI and SBCTC with the management responsibility of the funds.

Pros: Maximum flexibility to OSPI and SBCTC.
Allows OSPI and SBCTC time to assess needs.
Provides reserve to be used as needs emerge.
Cons: Systemwide direction is hindered.
May not be needed.

3. Do not withhold 10 percent at this time.

Pros: Postpones decision until impact is known.
Maximum funds distributed by formula.
Cons: No ability to meet emerging needs.
Reserving and redistributing funds in subsequent years may be difficult.